REMARKS

Claims 1, 21 and 47-49 have been amended. Claims 17, 22 and 24-46 have been canceled. Support for the amended new claims can be found throughout the specification as originally filed. Upon entry of the amendment, claims 1-16, 18-21, 23 and 47-49 will be pending.

Election/Restriction Requirement

Previously submitted claims 34-49 were added to the claim listing during an amendment filed by the Applicants on April 3, 2008. The Office has taken the position that claims 34-49 are directed to inventions that are independent or distinct from the invention originally claimed. Pursuant to MPEP § 821.03, the Office has withdrawn claims 34-49 from consideration. Because Applicants have received an action on the merits for the originally presented invention, the Office contends that the original presented invention has been constructively elected by original presentation for prosecution on the merits. Applicants have herein withdrawn claims 34-46 from consideration. For the reasons presented below, Applicants contend that the Office's withdrawal of claims 47-49 pursuant to MPEP § 821.03 is improper because the subject matter of claims 47-49 correspond to certain of the pending claims for the elected invention. Therefore, claims 47-49 are not distinct and independent.

Specifically, claims 47-49 are directed to specific variations of claim 1 and, in fact, recite variations set forth in claims 21-22, which depend from claim 1.[1] The additional limitations to claim 1 contained in claims 47-49 have <u>all</u> been previously presented by Applicants. Since claims 47-49 contain the language of claim 1 and the additional limitations have all previously

[1] Claim 22 has been canceled in this amendment.

been submitted to the Office, claims 47-49 are not directed to an invention **distinct** from and **independent** of the invention previously claimed.

As provided by MPEP § 802.01 inventions are distinct if "the inventions *as claimed* are not connected in at least one of design, operation, or effect (e.g., can be made by, or used in, a materially different process) and wherein at least one invention is PATENTABLE (novel and nonobvious) OVER THE OTHER . . . ." (emphasis original). While claims 47-49 differ in *scope* from the previously presented invention, Applicants submit that claims 47-49 are not *distinct* from the originally presented invention, as defined by the MPEP. Since claims 47-49 encompass features of the previously presented invention, it is "connected in at least one of design, operation, or effect." Furthermore, the Office's suggestion that claims 47-49 "recite methods for increasing the amount of a first security available for borrow having distinct utility for potential hedging" (Office Action at pg. 2.) does not suggest that claims 47-49 are patentable over the previously presented invention, which is required for claims 47-49 to be considered distinct.

Furthermore, the MPEP explains that the term "independent (i.e., unrelated) means there is no disclosed relationship between the two or more inventions claimed, that is, they are unconnected in design, operation, and effect." MPEP § 802.01. There is clearly a relationship between the previously presented invention and the invention of claims 47-49 as claims 47-49 contain the limitations of claim 1 along with additional limitations. The inventions are clearly related, and, accordingly, are not "independent," as defined by the MPEP.

Because claims 47-49 are not directed to an invention that is "distinct" and "independent" from the invention originally claimed, Applicants submit that constructive election of claims 47-

49 pursuant to MPEP § 821.03 is improper and respectfully request reconsideration and withdrawal of this requirement.

Section 103 Rejections

Claims 1-4 and 6-8 stand rejected under 35 U.S.C. §103(a) as obvious in view of a proposed combination of "Monetizing Unrealized Gains In Non-strategic Assets," International Tax Review, June 2000 (hereinafter referred to as "NPL1") and a published U.S. patent application Pub. No. 2002/0010670 to Mosler.

Applicants submit that rejected claims are not obvious in view of the cited references. Nevertheless, in order to expedite prosecution and without waiving applicants' right to seek the same or similar claims in a related application, claim 1 has been amended to include the features of now-canceled claim 22. Amended claim 1 recites that the settlement date of the forward purchase contract coincides with a termination date of a second security issued by the first entity, where the termination date is a maturity date, a call date, or a put date of the second security. As currently amended, claim 1 recites:

> A method for increasing an amount of a first security available to an investor for borrow, the first security issued by a first entity, the method comprising:
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> by a second entity,
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> purchasing a first quantity of the first security, wherein funds are electronically transferred from an account for the second party by a computer system for the purchase;
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> entering into a forward purchase contract with the first entity, wherein the forward purchase contract obligates the second entity to subsequently deliver a second quantity of the first security to the first entity on a settlement date, wherein the

> settlement date coincides with a termination date of a second security issued by the first entity, wherein the termination date is at least one of a maturity date of the second security, a call date of the second security, and a put date of the second security; and
>
> lending a third quantity of the first security to the investor who has purchased the second security.

The method recited in claim 1 increases the amount of a security available for an investor to borrow. An investor may want to borrow an amount of a security (e.g. stock) to short-sell that security to offset the investor's purchase of convertible debt (e.g. the second security is claim 1), but the investor can only do so if there is sufficient quantity of the security to borrow. One way for an issuer to increase the supply of its common stock would be to issue more common stock into the market. This, however, negatively affects financials related to the stock, such as earnings-per-share, etc., because it increases the number of shares of the stock that are outstanding. In contrast, the method of claim 1 allows the first entity (e.g. a stock issuer) to increase the amount of its stock available for borrow without negatively effecting the position of the first entity's stock in the marketplace. Under current financial accounting standards, the forward purchase contract would be accounted for as a repurchase of shares, which effectively decreases the first entity's cash, equity, and total common shares outstanding. As a result of this accounting treatment, the first entity's earnings-per-share remain practically unchanged using the method of claim 1.

Applicants respectfully submit that neither NPL1 nor Mosler disclose the step of the second entity "entering into a forward purchase contract with the first entity, wherein the forward purchase contract obligates the second entity to subsequently deliver a second quantity of the first security to the first entity on a settlement date," as set forth in claim 1. Further, a person

having ordinary skill in the art ("PHOSITA") would not have been motivated based on NPL1 and Mosler to combine NPL1 and Mosler to come up with the method of claim 1.

As mentioned above, amended claim 1 now includes the features of now-canceled claim 22. Claim 22 was rejected by the Office under 35 U.S.C. §103(a) as obvious in view of a proposed combination NPL1, Mosler, and a published U.S. patent application Pub. No. 2004/0054613 to Dokken. The Office admits that "neither NPL1 nor Mosler teaches second security issued having call, put, or maturity date coinciding with settlement date of forward purchase contract." Office Action at pg. 15. The Office cites paragraphs 29, 40, 99, and 101 of Dokken to stand for this feature. The Office is incorrect in citing Dokken to stand for this feature as Dokken does not even disclose a forward contract, much less an arrangement where the settlement date of the forward contract coincides with a call, put, or maturity date of the second security.

In addition, the method of claim 1 provides unpredictable results. The present application does more than yield predictable results. In particular, the method of claim 1 provides the unpredictable result, namely, it allows the issuer to increase the quantity of its stock for borrow without decreasing the earnings per share of the stock. According to the Supreme Court, a combination claim that yields unpredictable results is not obvious. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. __, slip. op. at 12 (2007). Further, NPL1, Mosler, or Dokken do not disclose or hint at providing a solution to this problem.

Applicants respectfully submit that, for at least the above reasons, claim 1 is not anticipated or obvious in view of NPL1, Mosler, and Dokken. Therefore, claims 2-16, 18-21, and 23, which depend from claim 1, are not obvious in view of the cited references. *See* MPEP §

2143.03 ("If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious."). For analogous reasons, independent claims 47-49 are not anticipated or obvious in view of NPL1, Mosler, and Dokken.

CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants' present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to specifically address all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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